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U. S. DEPARTMENT OF AGRICULTURE

THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C.

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SUMMARY

The demand for farm products continues at unprecedented levels. Prices received by farmers are at record highs and are likely to stay high during the next few months. Domestic industry is operating near capacity and the flow of income to individuals is increasing steadily as full employment is accompanied by rising wage rates.

Increased expenditures for consumption goods, construction, and business inventories in the third quarter of 1947 more than offset a reduction in total United States exports. The appropriation by Congress of 540 million dollars for interim foreign aid will tend to support exports, particularly foods, in early 1948. Later in the year, the level of United States exports will depend largely on congressional action on the European Recovery Program.

(For release January 9, a.m.)

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base period	1946			1947		
		Year	Oct.	Aug.	Sept.	Oct.	Nov.
Industrial production <u>1/</u>	1935-39						
Total.....	= 100	170	182	182	186	190	192
All manufactures.....	"	177	188	188	192	197	198
Durable goods.....	"	192	214	210	218	223	225
Nondurable goods.....	"	165	168	169	171	175	177
Minerals.....	"	134	145	150	153	154	156
Construction activity <u>1/</u>	1935-39						
Contracts, total.....	= 100	267	253	289	319	321	
Contracts, residential.....	"	350	343	368	412	417	
Wholesale prices <u>2/</u>	1926 =						
All commodities.....	100	121	134	154	157	158	
All commodities except farm and food.....	"	110	116	136	138	140	
Farm products.....	"	149	165	182	186	190	
Food.....	"	131	158	172	179	178	
Prices received and paid by farmers <u>3/</u>	1910-14						
Prices received, all prod...	= 100						
Prices paid, int. and taxes.	"	233	273	276	286	289	287
Parity ratio.....	"	194	207	235	238	239	242
Consumers' price <u>5/ 6/</u>	1935-39						
Total.....	= 100	139	149	160	164	164	165*
Food.....	"	160	180	196	204	202	203*
Nonfood.....	"	128	131	140	142	143	
Income							
Nonagricultural payments <u>4/</u>	Bil.dol.	157.9	162.7	173.1	188.1	179.9	
Income of industrial workers <u>3/</u>	1935-39	270	293	324	333	335	
Factory payrolls <u>5/</u>	= 100	284	312	344	359	364	
Weekly earnings of factory workers <u>5/</u>							
All manufacturing.....	Dollars	43.73	45.73	49.19	50.45	50.97	
Durable goods.....	"	46.48	48.90	52.54	54.05	54.72	
Nondurable goods.....	"	41.01	42.45	45.76	46.77	47.08	
Employment							
Total civilian <u>7/</u>	Millions	55.2	57.0	59.6	58.9	59.2	58.6
Nonagricultural <u>7/</u>	"	46.9	48.4	50.6	50.1	50.6	50.6
Agricultural <u>7/</u>	"	8.3	8.6	9.0	8.7	8.6	8.0
Government finance (fed.) <u>8/</u>	Mil.dol.						
Receipts, net.....	"	3,467	2,544	2,536	4,872	2,390	2,743
Expenditures.....	"	3,676	2,965	3,060	2,932	2,445	2,194

Annual data for the years 1929-46 appear on page 11 of the April 1947 issue of the Demand and Price Situation.

Sources: 1/ Federal Reserve Board, converted to 1935-39 base. 2/ U. S. Department of Labor, BLS. 3/ U. S. Dept. of Agriculture, BAE. To convert prices received and prices paid, interest and taxes to the 1935-39 base, multiply by .93110 and .78125 respectively. 4/ U. S. Dept. of Commerce revised figures employing new concepts, seasonally adjusted at annual rate. 5/ U. S. Dept. of Labor, BLS. 6/ Consumers' price index for moderate-income families in large cities. 7/ U. S. Dept. of Commerce, Bureau of the Census. 8/ U. S. Dept. of Treasury. Data for 1946 are on average monthly basis. * Preliminary.

OUTPUT AND EMPLOYMENT

Reflecting record nonagricultural employment and capacity output in many manufacturing industries, industrial output expanded further in November to a record peacetime level of 192 (1935-39 = 100). This is two points above the previous high established in March and October, 1947.

Paced by continued record steel output and the highest rate of motor vehicle production since the end of the war, durable goods production rose 2 points to 225 in November, the same as the previous high in March and 21 points above a year earlier.

Nondurable goods production also increased in November. Demand for these commodities has been increasing and production has recovered from the low point reached in the decline which began last March and lasted until July. At 177, the nondurable goods index in November was 4 points above a year ago, 1 point above the previous high of 176 reached in January and February 1947 and 14 points above the July low for the year.

Nonagricultural employment remained at the record level of 50.6 million in November, the same as in October and 1.5 million greater than a year earlier. Total civilian employment declined from 59.2 million in October to 58.6 million in November, as agricultural employment declined seasonally.

The number unemployed in November remained at about 1.7 million persons, the same as a month earlier and 300,000 fewer than in November, 1946.

GROSS NATIONAL PRODUCT

The dollar value of the overall output of goods and services increased slightly from the second to the third quarter, primarily because of the rise in prices. The annual rate of personal consumption expenditures during the third quarter was 166 billion dollars, 2 percent above the second quarter and about 16 percent above 1946.

Table 2.- Gross national product or expenditures, United States, 1946 and first three quarters of 1947
(Billion dollars)

Item	Seasonally adjusted at annual rates			
	1946	1947		
		1st. qtr.	2nd. qtr.	3rd. qtr.
Gross national product	203.6	223.1	229.1	232.3
Personal consumption expenditures	143.7	158.0	162.0	166.0
Durable goods	14.9	18.5	19.2	19.9
Nondurable goods	87.1	95.3	97.8	100.0
Services	41.7	44.2	45.0	46.1
Gross private domestic investment	24.6	29.4	29.1	30.4
New construction	8.5	10.3	9.6	10.4
Residential nonfarm	3.3	4.4	4.1	4.8
Other	5.2	5.8	5.5	5.6
Producers' durable equipment	12.4	16.5	18.0	18.0
Change in bus. invent.	3.7	2.7	1.5	2.0
Net foreign investment	4.8	8.3	10.5	7.7
Government purchases of goods and services	30.7	27.4	27.5	28.2

Total demand for investment goods increased slightly from the first to the third quarter. This reflected continued large expenditures for durable equipment; a recovery in construction expenditures, especially residential nonfarm, which fell off slightly during the second quarter; and increased buying for inventory, particularly nondurable goods.

Net foreign purchases of goods and services declined from the record rate of 10.5 billion dollars in the second quarter to 7.7 billion in the third quarter. Most of the decline reflected the depletion in gold and dollars available to foreign nations during the third quarter. Despite this decline, however, the third quarter rate of 7.7 billion dollars was still about 60 percent above the 1946 annual rate.

Government purchases of goods and services increased slightly from the second quarter to the third quarter as a result of slightly larger expenditures at State and local levels. Federal Government purchases of goods and services declined slightly.

INCOME AND RELATED FACTORS

Personal income, on a seasonally adjusted annual rate basis, declined to 204.5 billion dollars in October from the record rate of 210.9 billion in September. All of the decline was due to the much slower rate of cashing of terminal leave bonds by veterans. Virtually all other types of payments increased. Excluding payments on terminal leave bonds the annual rate of total payments was 3.2 billion dollars greater in October than in September.

Salary and wage receipts in October continued to reflect increases in employment, hours worked and hourly earnings. The annual rate, seasonally adjusted, was 125 billion dollars, about 1/2 billion larger than in September and 11.4 billion greater than a year earlier.

Although dollar sales in department stores in the first eleven months of this year were 8 percent greater than in the same period a year earlier, nonfood prices increased even more, indicating that the physical volume of sales was smaller than a year earlier. Larger than seasonal increases in the dollar volume of department store sales brought the index of sales to a record of 300 (1935-39 = 100) in November compared with 275 in October and 271 a year earlier.

COMMODITY PRICES

The general commodity price level continues to move up steadily. The BLS index of wholesale prices in November was 160 (1926 = 100), 14 percent above November, 1946. In early December, the price level was rising at the rate of about 2 percent per month. The present price advance, which began early last summer, has been general with prices of nonagricultural commodities increasing about as much as prices of farm products. In an effort to combat this inflationary movement, Congress has authorized the control of scarce basic commodities through voluntary agreements by industry and agriculture, the allocation of transportation facilities, and the regulation of speculative trading on the commodity exchanges. Action was also taken to extend certain wartime powers, including the control of exports.

The index of prices received by farmers rose to a new record of 301 in December (1909-14 = 100), 5 percent higher than the month before and 4 percent higher than the previous peak in October. Compared with December, 1946 the index has advanced 14 percent. A new high was established in the average price received for wheat, reflecting the continuing world shortage of food grains. In December, the group price indexes of food grains, feed grains and hay, oil-bearing crops, and livestock and livestock products were the highest on record. However, prices received by farmers for fruit averaged 29 percent below December 1946.

The index of prices paid by farmers including interest and taxes also advanced to a new high in December when it was 245, 1910-14 = 100, up 2 percent from the previous month. Since December 1946, this index has increased 16 percent. The parity ratio--the index of prices received divided by the index of prices paid, interest and taxes--was 123 compared with 119 in November and 125 in December a year ago.

The BLS index of consumer prices, a measure of the urban retail price level, was 165 (1935-39 = 100) in November, almost 1 percent above October, as both food and nonfood prices advanced. The index of consumer prices probably increased further from November to December, principally because of a rise in nonfood prices.

AGRICULTURAL EXPORTS

In the third quarter of 1947, the value of United States exports of agricultural products, including military shipments of food to foreign civilians, was 871 million dollars compared with 1,063 in the first quarter and 1,027 million in the second (table 3). The value of agricultural exports in the third quarter of 1947 was about the same as the average quarterly value in 1946.

Table 3.- Value of exports of United States agricultural products and of military shipments of food to foreign civilians, specified periods

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	:	Foods	:	:	:	:	: Grand
	:	Military	:	Cotton	Tobacco	Total	: total ag-
	:	shipments	: Total:	includ-	unmanu-	agri-	: ricultural
Period	: Exports	: of food to:	: food :	: ing	: factured:	: cultural:	: exports &
	: 1/	: foreign	:	: lintens:	: exports	: exports	: shipments
	:	: civilians	:	: exports:	:	: 3/	: 4/
	:	: 2/	:	:	:	:	:
	:	M i l l i o n		D o l l a r s			
1935-39	:						
Qtr. average	: 68	0	68	80	32	187	187
Annual average	: 273	0	273	318	128	748	748
1946	:						
1st. qtr.	: 628	73	701	102	77	843	916
2nd. qtr.	: 548	158	706	148	95	830	988
3rd. qtr.	: 499	81	580	144	65	733	814
4th. qtr.	: 437	78	515	143	115	733	811
Qtr. average	: 528	97	625	134	89	785	832
Total 1946	: 2,112	390	2,502	537	352	3,139	3,629
1947	:						
1st. qtr.	: 598	153	751	169	93	910	1,063
2nd. qtr.	: 609	184	793	137	53	843	1,027
3rd. qtr.	: 516	228	744	33	53	643	871

1/ Agricultural crude foodstuffs (Economic class 2) plus agricultural manufactured Foodstuffs (Economic class 4). Does not include nonagricultural foods such as fish, baking powder, etc. 2/ Partly estimated and subject to revision. The data are on an estimated F.A.S. basis at U.S. ports. 3/ Total of columns 1, 4, and 5 plus small values of other agricultural nonfood exports not shown separately here. 4/ Total of columns 2 and 6.

Practically all of the decline in the value of agricultural exports from the first to the third quarter resulted from a reduction from 93 million dollars to 53 million for tobacco and a drop from 169 million dollars to 33 million for cotton. The decline in tobacco exports was mainly due to the curtailment of British purchases. The drop in cotton resulted primarily from a reduction in government financing of cotton exports to occupied areas, and larger than usual cotton stocks in deficit countries on August 1.

The total value of food exported to foreign consumers in the third quarter was almost the same as in the first quarter. A substantial increase in military shipments to foreign civilians offset a decline in reported exports.

The proportion of agricultural exports to total United States exports also has declined (table 4). In the third quarter of 1947, agricultural exports, including military shipments of foods to foreign civilians, accounted for 24 percent of total exports compared with 29 percent in the first quarter of 1947 and 36 percent in 1946.

Table 4.- The value of United States agricultural and total exports, specified periods

Period	:Agricultural exports plus military		:Total exports plus
	:shipments of foods to foreign		:military shipments
	: civilians		:of foods to foreign
	: Value	:Percent of total	: civilians
	<u>Mil. dol.</u>	<u>Percent</u>	<u>Mil. dol.</u>
1935-39 quarterly average	: 187	26.4	707
1946 quarterly average	: 882	35.7	2,473
1947 first quarter	: 1,063	28.9	3,682
1947 second quarter	: 1,027	25.0	4,100
1947 third quarter	: 871	24.3	3,588
	:		

Foreign Aid Act of 1947

Congress has appropriated 540 million dollars for interim foreign aid for France, Italy, Austria, and China. According to the provisions of the Foreign Aid Act, this fund may be used for the purchase of food, seed, fibers, fertilizer, medical supplies, fuel, and petroleum and its products. To some extent, this aid will support agricultural exports in the first part of 1948. Later in 1948, the level of United States exports, both agricultural and other, will depend largely on action taken on a long range European Recovery Program.

FARM INCOME

Total cash receipts in 1947 were around 30.3 billion dollars, 19 percent more than last year. This includes government payments of 340 million dollars which is 60 percent lower than last year, mainly because the production-payment programs for dairy products, beef cattle, and sheep and lambs were not in effect this year.

Gross income, which includes home consumption, rental value of dwellings, and cash receipts from farm marketings, is estimated at 34.6 billion dollars for 1947. Production expenses amounted to about 16.6 billion dollars, 18 percent above 1946 and the greatest actual increase between any two successive years on record. The difference between gross income and production expenses, or 18 billion dollars, represents the realized net income of farm operators in 1947. Each of these preliminary estimates is about one-fifth greater than in 1946.

Total volume of farm marketings in 1947 was about 3 percent above 1946. Marketings of livestock and products in 1947 were about the same as in 1946, and crop marketings were around 5 percent higher than in the previous year. The gains in crop marketings reflected increased sales in 1947 from the record 1946 corn crop, the huge 1947 wheat crop, and the relatively good cotton crop. Prices for all farm products in 1947 were about 19 percent above the year before.

Cash receipts from livestock and products in 1947 were about 16.9 billion dollars, 23 percent greater than in 1946. The largest part of this increase was in meat animals, which gained nearly 40 percent. Average prices of all meat animals increased about one-third with hog prices especially high compared with 1946. Receipts from dairy products were about 10 percent greater than the year before and receipts from poultry and eggs were about 6 percent above 1946.

LIVESTOCK AND MEAT

Wholesale meat prices declined seasonally in October and November after reaching record levels in September. However, prices began advancing in December despite seasonally large meat output. In late December, wholesale prices of hog products at Chicago averaged 13 percent lower than the September record, but were 20 percent higher than in late December 1946. Prices of good grade beef at Chicago in late December averaged 5 percent below the September record but were 22 percent higher than a year earlier.

Prices of cattle and calves were considerably higher than in December 1946. The average price of good grade slaughter steers at Chicago during the week ended December 27 was \$30.22--a new record--\$1.00 higher than a month earlier and \$6.00 higher than a year earlier. Prices of stocker and feeder cattle advanced seasonally in November and December. This trend is likely to continue through the winter since with fewer cattle on farms, a smaller number of stockers and feeders will be marketed than a year ago. Prices of grain fed cattle are likely to be well maintained in early 1948, even though marketings this winter and spring are likely to be relatively large compared with summer and fall marketings. Because of high prices for replacement cattle and high feeding costs, farmers are expected to market a large proportion of the fed cattle after a short feeding period. As a result, summer supplies of fed cattle would be small and the number of grain fed cattle marketed in the first three quarters of 1948 probably will be less than the record set in 1947.

Prices received by farmers for lambs in December averaged 14 percent higher than a year earlier, but were about equal to the September record. The number of fed sheep and lambs for market in the first 4 or 5 months of 1948 will be considerably smaller than a year earlier and may be the smallest in about 18 years. Shipments of sheep and lambs to important feeding States this fall were smaller

than a year earlier and fewer lambs were on feed in December than in December, 1946. The 1948 lamb crop is expected to decline for the seventh successive year due to reduced sheep numbers.

Prices of hogs were 9 percent higher in mid-December than a year earlier. Prices are expected to rise seasonally in the late winter and spring and will remain high through 1948 unless overall demand for meat weakens considerably. The number of hogs on farms December 1 was smaller than a year earlier indicating that hog slaughter through next October will be less than a year earlier. Hog slaughter weights probably will continue below 1947, and pork output in that period probably will be moderately less than a year earlier.

According to breeding intentions reported by farmers in the December pig survey, the number of sows to farrow in the spring of 1948 may total 7.7 million head, 11 percent less than the number farrowing in the spring of 1947. If this number of sows does farrow in the spring and the number of pigs saved per litter equals the average for 1936-45, the 1948 spring pig crop will total about 48 million head. This would be 4.8 million head smaller than the 1947 spring pig crop of 52.8 million. A smaller spring pig crop in 1948 would result in reduced hog slaughter in the fall and winter of 1948-49.

Crop receipts for 1947 are estimated at about 13.1 billion dollars, one-fifth more than for 1946. Prices averaged about 15 percent higher. Cash receipts from food grains and cotton increased the most.

Total cash receipts from farm marketings for December are estimated at about 2.7 billion dollars, 11 percent above 1946. Total receipts from livestock and products were about the same as 1946. Prices were up slightly from December 1946. Receipts from crops increased about one-fourth over a year ago, mostly because of higher prices. Most crop groups shared in this gain. Compared with November, total cash receipts in December were down about 15 percent. Livestock and products declined about 7 percent, and crops around 22 percent.

DAIRY PRODUCTS

Milk producers received about the same prices in December 1947 as a year earlier. From now until May or June 1948, however, seasonal declines are expected to be less than in 1946-47, and farmers prices are likely to average moderately higher.

In December, wholesale and retail prices of the important dairy products were above December 1946. Prices of dairy products, particularly butter, are likely to continue above last year. Butter stocks are very low and prices will tend to stay high compared with other manufactured dairy products. Prices of dried milks have been increasing in recent months, partly because of a strong export demand that is likely to continue.

Milk production during the early part of 1948 probably will be slightly below 1947. The outlook for the summer and fall of 1948 depends in part on 1948 feed crops and dairy pastures.

Fluid milk and cream consumption in September and October 1947 appeared to be about equal to the same months of 1946, in contrast to the earlier months of this year when it was about 5 percent below 1946. During the next few months, fluid milk and cream consumption is likely to remain about the same as in early 1947. Higher retail prices of fluid milk than last year will tend to limit any increases in consumption resulting from increased consumer incomes.

POULTRY AND EGGS

Prices of eggs in November and December fluctuated irregularly but averaged 10 to 20 percent above the same months of 1946. As production increases, prices will decline seasonally until May 1948 and are likely to be at support levels. However, they will average at least as high as in the previous year. Because of the increases during 1947 in the prices of things which farmers buy, support levels in 1948 will be at least as high as actual returns in 1947. Prices received by farmers from January through May 1947 averaged 40 cents per dozen, 93 percent of parity.

Egg consumption during November was a near record for that month, reflecting in part high meat prices. In 1947 per capita consumption exceeded 380 eggs and was second only to the 1945 record of 397. Although this high consumption rate is likely to continue into the spring, supplies will exceed domestic demand. But the excess is not likely to be as large as in 1947 when 275 million dozen, shell egg equivalent, were bought for price support and to fulfill British commitments.

Prices of chickens and turkeys increased in December. Chicken prices are expected to rise further as red meat and chicken meat slaughter decreases seasonally.

Hatchings of chicks in 1948 for flock replacement are likely to be moderately less than in 1947. High feed prices are keeping the egg-feed price ratio well below average.

FATS, OILS, AND OILSEEDS

Total output of fats and oils from domestic materials in the year beginning October 1947 probably will be moderately larger than a year earlier. Production of lard and of vegetable oils used chiefly in food products is likely to decline somewhat. Output of inedible tallow, greases, and other soap fats may be about as large as in 1946-47. Production of linseed oil will be substantially larger.

Domestic production of fats and oils in October-December 1947 was larger than a year earlier, mainly as a result of early marketing of hogs and unusually rapid crushing of 1947 oilcrops. But production in the first 9 months of 1948 may not be much larger than in the first 9 months of 1947. Lard output probably will be materially less than a year earlier because reduced corn supplies will induce farmers to market hogs at lighter weights. Also, the rapid crushing of oilcrops in the early part of the season will result in a greater than usual seasonal decline in output of vegetable oils next summer.

Prices of most fats and oils continued to advance in November. The index number of wholesale prices of 27 major fats and oils reached 289 (1935-39 = 100) compared with 253 a month earlier and 296 in November 1946. Butter prices advanced still further in early December. By the middle of the month the wholesale price of 92-score butter at New York was around 90 cents per pound, 8 cents higher than the December 1946 average and the highest on record. Prices of inedible tallow, grease and coconut oil, however, declined sharply in early December. Other prices remained the same or declined slightly.

CORN AND OTHER FEED

Corn prices advanced about 25 cents per bushel during November and early December in contrast to the usual seasonal decline. This reflected continued strong demand and below average marketings. Prices of feed grains and many of the byproduct feeds reached record or near-record levels in early December and are expected to continue high through winter and spring. Greatest strength in prices of feed grains and other concentrates is expected late this winter and next spring when farm marketings of corn and oats will be seasonally small.

Feed prices are expected to continue higher in relation to livestock prices than a year earlier through at least the first half of 1948. The hog-corn price ratio was considerably below average during November and early December in contrast to the very favorable ratio last winter. Feed prices also have been much higher in relation to prices of dairy and poultry products than a year ago.

The total supply of feed concentrates for the 1947-48 season is estimated at about 137 million tons, 15 percent smaller than in 1946-47. The 1947-48 supply is smaller than for any of the past 5 years but about the same as the 1937-41 average. The supply per animal unit is a little smaller than the prewar average and also smaller than in most recent years. Smaller feed supplies will force livestock producers to feed less liberally than in 1946-47. Carry-overs of feed grains in 1948 are expected to be much smaller than in 1947.

WHEAT

Wheat prices continue at a high level because of the large domestic and export demand. The sharp advance beginning in August continued until late November. Since then prices have declined moderately. Some further weakening may be expected if growers sell more freely after the start of the new tax year, and later if the trade becomes more willing to release wheat stocks as the accumulation of supplies for export nears completion. The CCC already has purchased enough wheat to take care of its exports well into March, and enough flour for export through February.

Domestic wheat disappearance for the year ending next June 30 is estimated at about 850 million bushels. This includes 250 million for feed, 510 million for food and 88 million for seed. Since the total supply for the year is now estimated at 1,449 million bushels (July 1 carry-over 84 and revised crop estimate of 1,365), about 600 million would be left for export and carry-over. Wheat feeding estimates will be revised as the stocks figures become available. Wheat prices were high relative to corn prices, a relationship which discouraged wheat feeding during July-September. However, corn prices have been advancing relative to wheat prices, a change which is likely to encourage wheat feeding.

United States exports will depend considerably upon the condition of the wheat crop next spring. We could export a total of 450 million bushels and still have a carry-over of about 150 million bushels. A 150 million-bushel carry-over would be below the 1932-41 average of 235 million, but well above the 84 million bushels on hand last July 1. Stocks were permitted to go that low last July only because of the good crop prospects. Exports (wheat and flour in terms of wheat) July-December this year are expected to total about 260 million bushels.

A 1948 winter wheat crop of about 839 million bushels was forecast as of December 1, based upon reported condition to that date, an appraisal of soil moisture conditions and other factors affecting yields. Normal weather for the remainder of the crop season was assumed. A winter crop of this size would be about 21 percent below the record of 1947, but 28 percent above the 1936-45 average. If spring wheat yields are average and the acreage is about the same as in 1947, the crop would be 275 million bushels. On this basis, total production would again be over a billion bushels. We have had only five billion-bushel crops in our history, four of them in the last four years. With domestic disappearance of 800 million bushels such a crop would leave about 300 million bushels for export.

It is still too early in the season for quantitative indications of the area seeded to winter wheat for harvest in 1948 in Europe. On the basis of information received to date, however, it is believed reasonable to expect an increase over the past two years in total planted acreage. In general, the most favorable conditions are reported in areas where early seeding is essential.

The dry weather of the past summer continued through the fall months in many areas, and delayed fall plowing and seeding operations. During November, however, beneficial rains were received and reports from most areas are now more optimistic. In Western Europe conditions are reported as fair to good, with a substantial increase expected for wheat acreage in France. Reports from Italy, Greece, and Turkey in the Mediterranean region have been generally favorable with normal fall weather and seeding operations.

Favorable fall moisture conditions and increased acreages are reported for southeastern Europe, particularly the lower Danube, and for Russia. Parts of eastern Europe, including Poland, also have reported favorable conditions. In central Europe the season has been backward and moisture supplies generally inadequate for land preparation and for seeding and germination of fall-sown grain. The delay is reported to be particularly serious in Austria and in parts of Germany and Czechoslovakia.

FRUIT

With fruit supplies this winter generally a little larger than a year earlier and export demand restricted, prices for fruit are expected to continue lower than last winter. Exports of fresh fruit are expected to be substantially smaller this winter and spring than in the first half of 1947.

Terminal market auction prices for citrus fruits are expected to decline as usual in January and February. At that time demand will slacken after the holiday trade, and harvesting of grapefruit and early and midseason oranges will be at a seasonal peak. Although Christmas demand tended to strengthen the market, prices for oranges failed to increase appreciably and those for grapefruit tended to decline. Oranges this season were slow in reaching desired quality for juice purposes both for the fresh market and for canning, which contributed to the lower prices this fall. Although reported fresh market shipments of Florida oranges through mid-December this season were substantially smaller than in the same part of the 1946-47 season, processors took a moderately larger quantity.

Grower prices for apples probably will increase less than seasonally this winter, because cold-storage stocks are slightly larger than usual and export demand is restricted. Prices for pears are not likely to increase and may even decline, because cold-storage stocks are moderately larger-than-usual and export demand is greatly reduced.

Under the 1947 dried fruit purchase program of the Department of Agriculture, slightly more than 190,000 tons, nearly one-third of 1947 production, had been purchased through December. Most of these purchases were raisins and dried prunes which will be available for the School Lunch Program and for shipment to food-scarcity areas abroad. Prices received by growers for 1947-crop dried fruits were sharply lower than those for the 1946 crop.

COMMERCIAL TRUCK CROPS

Prices farmers will receive for most commercial truck crops grown for fresh marketing this winter are expected to be seasonally high and probably will increase moderately through next March. Commercial vegetable production in the first 3 months of 1948 is expected to be 8 percent above the same period in 1947 and 26 percent above average. Production of most crops is expected to be above both last year and the 1937-46 average, with supplies of escarole, lima beans, shallots and celery relatively most plentiful. However, production of artichokes, kale and green peas may be below both last year and average. As usual, heaviest tonnage for the season will be supplied by cabbage, lettuce, carrots, and celery.

Truck crops prices received by farmers this December averaged almost twice as high as a year earlier. Commercial acreage and production for the fall market were considerably lower this year, and the cold weather cut off home-grown, non-commercial supplies earlier than last year.

POTATOES AND SWEETPOTATOES

Although large quantities of potatoes are usually held in storage until after January 1, some of the holdings this year may be due to the desire to postpone income until the new tax year begins and to obtain the final rise in the support prices for the 1947 crop which will occur in January. Because of these holdings, marketings may be unusually large for a short period in January and growers in some areas may receive prices lower than support prices. However, total supplies are not excessive. After the market becomes settled, prices are expected to advance gradually through the winter and early spring months.

About 1.2 million bushels of 1948 crop new potatoes are expected to be available in January, February and March from commercial acreage in Texas and Florida. This area produced 1.3 million bushels for winter market in 1947 and an average of 1.5 million bushels in 1937-46. Prospective acreage for early spring harvest (April and first half of May) is reported to be about 12 percent larger than the acreage harvested last year but about 11 percent smaller than the 1937-46 average. This area produced an average of about 3.2 million bushels of commercial early potatoes.

In addition to the new potatoes available in the winter and early spring months, there will be 1947 crop potatoes which have been stored. An estimate of the stocks of potatoes on hand January 1, 1948 will be available shortly. The 1936-45 average January 1 carry-over was about 106 million bushels.

Prices which farmers will receive for sweetpotatoes in January and February are expected to be at least as high as in the same months of 1947 and moderately above support levels. Prices probably will rise seasonally through at least next May.

COTTON

The sharp advance in cotton prices that started during the first week in November continued into December. On December 13, Middling 15/16" in the ten spot markets averaged 36.24 cents per pound compared to 32.98 a month earlier and 32.28 a year earlier.

Through December 5, 179,448 bales had been placed under CCC loan compared with approximately 61,000 bales on the same date last year. However, the rate of loan entries has declined substantially since prices began to advance. For the week ending December 5, loans were made on only 4,100 bales compared with 8,752 the previous week, 10,479, two weeks earlier and 14,817 three weeks earlier. Registered sales and consignments under the Cotton Export program were 324,501 bales through December 5 compared with slightly over 804,000 bales a year earlier.

Demand continued high in November with sales of cotton in the spot markets reported at 1,381,000 bales. Sales have not been as high for a November in any of the last 33 years of record and probably never in history.

The 1947 crop was estimated as of December 1, at 11,388,000 running bales. If imports are about 300,000 bales, the total domestic supply for the 1947-48 season will be around 14,200,000 bales. Last season, the domestic supply was 16,200,000 bales and in 1945-46, 20,300,000 bales.

WOOL

Strong world demand maintained prices of fine wool at high levels in foreign markets during November and the early part of December. Prices of medium and coarse grades also were generally firm during the month. After the impending reduction in the United States wool tariff was announced late in November, American buyers were reported to be purchasing more freely at Australian and South African sales. Before the announcement, they had been buying mostly South American wools because of their lower prices.

CCC sales of domestic wool continued quite large in November. Demand for domestic fine and 1/2 blood staple combing wool was strong. CCC stocks of fine and 1/2 blood wool have been reduced sharply during the past year as a result of the strong demand for those grades. But stocks of medium grades have continued to accumulate.

World prices of fine wool have increased enough during the past year so that many domestic fine wool producers now find it profitable to sell through channels other than the CCC. However, the CCC probably will continue to purchase most of the domestic production of medium and coarse wools in 1948 as its support prices are much higher than current market prices for those grades.

During the first nine months of this year, domestic mills used about 727 million pounds (grease basis) of apparel wool. If consumption continues at the September rate of approximately 81 million pounds through the last quarter of 1947, about 970 million pounds (grease basis) would be used this year, compared with 1,072 million pounds in 1946. About 35 percent of the wool used during the first 9 months of this year was domestic wool (grease basis) compared with only 20 percent in the same months of last year.

TOBACCO

Burley tobacco auctions opened in early December with a strong demand pushing the price to an average of 48.0 cents per pound for the first week. Since then, auction prices have increased slightly and the average for December sales was 48.8 cents per pound compared with 40.8 cents for the same period in 1946. The quality of the offerings has been generally better than last year and the condition of the tobacco excellent. The proportion received by the Burley Associations for loans is well below last season.

Large cigarette production will continue to be a strong favorable influence on burley prices. Cigarette production in November was about 30 billion, almost the same as the record November, 1946.

Exports of burley during the past year were a record. In October, burley exports were slightly above October 1946, but the lowest since June. Burley exports probably will diminish in 1948 unless western European nations receive financial aid.

The burley marketing quota for 1948 will result in about a 6 or 7 percent acreage reduction. This reduction was called for because of record stocks. This will be the third successive year the burley allotments have been reduced. Government loans were made on 148 million pounds of the 1946 burley crop but sizeable quantities of this were sold recently.

Virginia fire-cured, type 21, tobacco averaged 27.4 cents per pound for December sales compared with 31.0 cents for December last year. Larger percentages of fair and low qualities were marketed than last year. The supply of fire-cured tobacco is well above last year.

Dark air-cured tobacco (one Sucker and Green River, types 35-36) have averaged 25.5 cents per pound for sales through December compared with 23.0 cents for the same period in 1946. The average loan rate for the 1947 dark air-cured crop is 26.9 cents and thus far a large proportion of sales have been received under government loans.

Most of the Connecticut Valley cigar binder, type 52, (Havana Seed), has been sold and sales of type 51, (Broadleaf), have also been made. Prices of Havana Seed were reported to be near or above last year. The Broadleaf crop has been considerably damaged by pole sweat which probably will reduce average prices below last year. The stronger demand for cigars since September will support leaf prices of other cigar tobacco.

Total unmanufactured tobacco exports during 1947 are estimated at about 490 million pounds compared with 663 million pounds in 1946. October flue-cured exports were larger than October 1946, but the effects of the halt in British buying has not yet shown up in export figures.

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